

# Economic Development Administration



Assisting  
Distressed  
Communities

## Enabling Legislation

The Economic Development Administration (EDA) was established under the Public Works and Economic Development Act of 1965 (42 U.S.C. 3121) and reauthorized for five years by the Economic Development Administration Reform Act (P.L. 105-393), to generate new jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically-distressed areas of the United States.

## Bureau Context

EDA helps distressed communities overcome barriers that inhibit the growth of their local economies and limit their ability to compete effectively regionally, nationally and globally. **Our foremost objective is to create a climate conducive to the development of private enterprise in America's distressed communities.**

Rapidly changing technology, production, and trade patterns constantly create new challenges for diverse local and regional economies. While some communities benefit, others are left behind. Economic prosperity at the national level is not evenly distributed. Many communities lack the resources to keep pace with change or to prepare for the technologies driving world commerce. EDA targets assistance to communities in transition to solve problems of substantial and persistent economic deterioration, as well as significant near-term economic dislocations brought about by sudden and severe changes in local economic conditions. EDA does not predetermine the types of projects funded each year, but responds to local and state priorities based on locally developed strategies. Its investments in some instances produce immediate results, such as construction jobs or averting the loss of a major employer. In other cases, permanent jobs, private sector investment, and increased tax base are realized over a period of years.

EDA supports three Commerce themes: economic infrastructure, science and technology, and resource management and stewardship. EDA's strategic goals are to:

- Create jobs and private enterprise in distressed communities
- Build local capacity to achieve and sustain economic growth

EDA has the necessary tools and experience to meet the changing needs and challenges of America's communities. Using EDA's highly flexible programs for public infrastructure, revolving loan funds, planning, technical assistance, and research, distressed communities create jobs and stimulate growth. These program tools, used together, can help prepare communities for rapidly changing technologies and global competition. In FY 2000, EDA will invest:

- \$347 million to enhance partnerships for community and regional economic development
- \$12 million for community economic adjustment to help communities and firms adjust to changing trade patterns
- \$3.4 million for disaster mitigation and recovery as part of the Natural Disaster Reduction Initiative
- \$1.6 million for National Program Analysis and Information Consolidation (or clearinghouse)

## Priorities and Initiatives

**Assisting Distressed Communities** - EDA continues to help distressed communities recover from sudden and/or severe economic downturns such as those caused by increased foreign imports, international trade agreements, industry downsizings, plant closings, environmental regulations, and natural disasters.

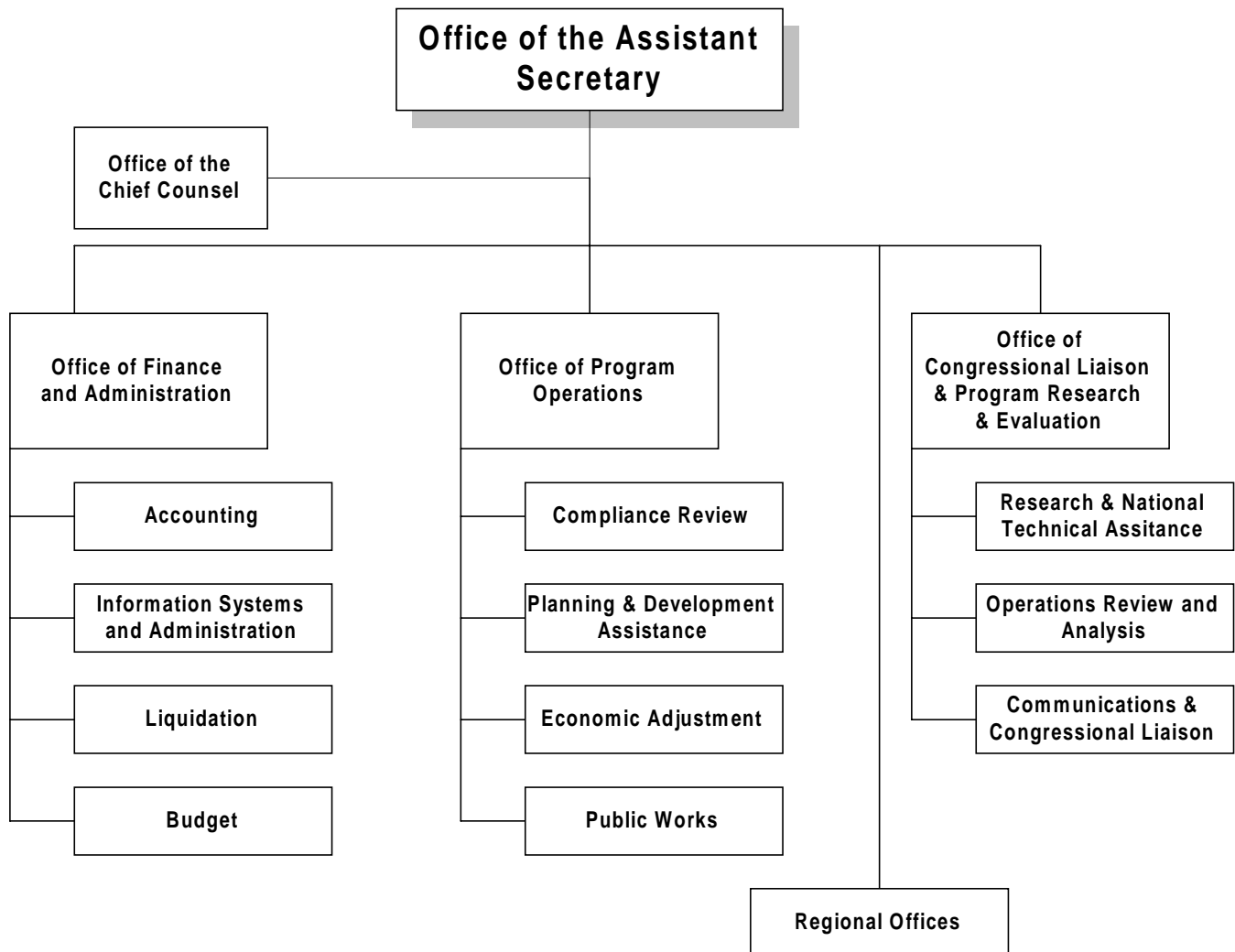
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### Organizational Structure

## U.S. Department of Commerce Economic Development Administration



# Economic Development Administration



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## Measures and Targets Summary

### Measure

### Target

#### Goal: Create jobs and private enterprise in economically distressed communities

Permanent jobs created or retained

6,675 by FY 2003  
33,376 by FY 2006  
66,753 by FY 2009

Private dollars invested

\$0.19 billion by FY 2003  
\$0.95 billion by FY 2006  
\$1.98 billion by FY 2009

State and local matching funds committed for EDA projects

\$114 million by FY 2000

Percent of public works and economic adjustment construction and revolving loan fund grants in areas of highest distress

20% for FY 2000

#### Goal: Build community capacity to achieve and sustain economic growth

Percent of sub-state jurisdiction members actively participating in the Economic Development District Program

75% by FY 2000

Percent of Economic Development Districts and Indian tribes grantees organizations whose Comprehensive Economic Development Strategy (CEDS) is on time and acceptable

75% by FY 2000

Percent of clients rating technical assistance received as a 7 on a 1 to 10 scale

75% by FY 2000

Percent of clients rating trade adjustment assistance received as a 7 on a 1 to 10 scale

75% by FY 2000

Number of research and technical assistance results published or presented nationally each year

5 annually

Percent of local technical assistance and economic adjustment strategy grants in areas of highest distress

20% for FY 2000

Certification processing time for trade impacted firms

90% for FY 2000

## Resource Requirements Summary



\$393 million (\$364 million for Economic Development Assistance Programs, \$29 million for S & E)



272 FTEs

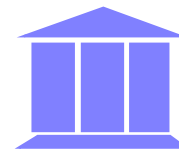
Skills: Economic development, planning, legal, engineering, technology, environmental (includes all EDA FTE – 265 direct, 7 reimbursables)



IT Requirements: Upgrade database management systems, develop new grantee performance management system

## Economic Development Administration

Create jobs and private enterprise in economically distressed communities



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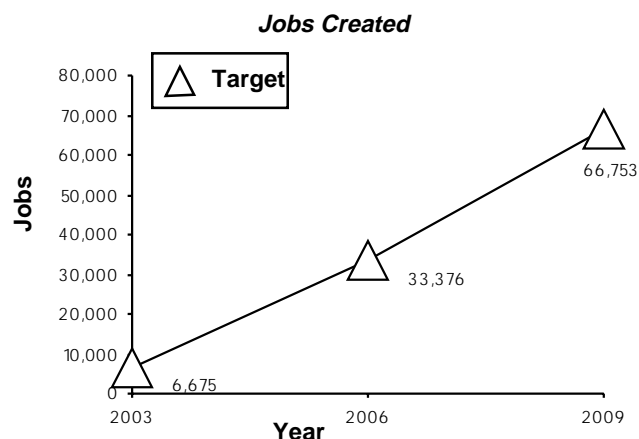
### Rationale for/Comments on Performance Goal

National economic prosperity is not evenly distributed. Areas experiencing high unemployment, low income levels, long-term economic decline or other severe economic problems often lack resources to create jobs or respond well to rapidly changing technology, production, and trade patterns.

Currently available economic statistics show that approximately 13.7 percent of the population, or 36.5 million people, live in poverty (U.S. Bureau of the Census, 1996). EDA targets assistance to communities with unemployment rates one percent or more above the national average, and per capita incomes less than or equal to 80 percent of national per capita income.

EDA also helps communities respond to severe changes in local economic conditions resulting from a wide range of factors, including the loss of major employers, defense downsizing and base closures, trade impacts, and natural disasters. Strategic investments in public infrastructure and local capital markets can help distressed communities create and retain jobs, stabilize and diversify local economies, and generate future growth.

### Outcome Measure: Number of permanent jobs created or retained in distressed communities as a result of EDA grants



### Data Validation and Verification

<b>Target:</b>	66,753 by FY 2009
<b>Data source:</b>	Grantee performance reports
<b>Frequency:</b>	3, 6 and 9 years after grant award
<b>Baseline:</b>	Program evaluation conducted by Rutgers, et al. (1997) (See Appendix 5)
<b>Data storage:</b>	EDA database (OPCS) under development.
<b>Verification:</b>	EDA will conduct periodic performance reviews and site visits to verify data. During FY 1999, EDA will conduct a pilot review of 58 construction projects completed in FY 1993 and 44 revolving loan fund projects approved in FY 1993. EDA will work with Rutgers to provide training for EDA grantees and staff on valid methods for reporting and verifying data.
<b>Comment:</b>	The Rutgers' evaluation documented long-term outcomes for EDA public works and revolving loan fund projects. EDA will report on outcomes for FY 2000 grants in FY 2003, FY 2006 and FY 2009 (See Appendix 5).

## Economic Development Administration

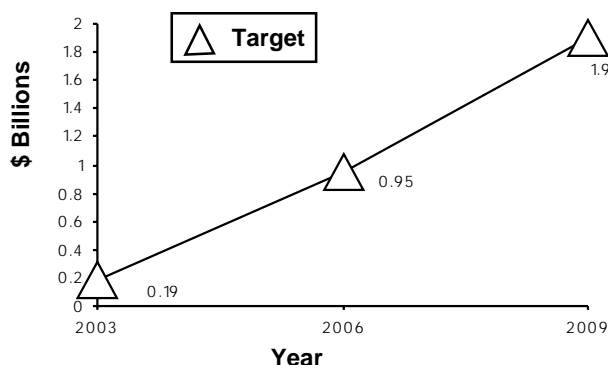
Create jobs and private enterprise in economically distressed communities (cont.)



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**Outcome Measure: Private sector dollars invested in EDA projects**

— Private Sector Dollars Invested —



### Data Validation and Verification

**Target:** \$1.9 billion by FY 2009

**Data source:** Grantee performance reports

**Frequency:** 3, 6 and 9 years after grant award

**Baseline:** Program evaluation conducted by Rutgers, et al. (See Appendix 5)

**Data storage:** EDA database (OPCS) under development

**Verification:** EDA conducts periodic performance reviews and site visits to verify data. During FY 1999, EDA will conduct a pilot review of 58 construction projects completed in FY 1993 and 44 revolving loan fund projects approved in FY 1993. EDA will continue to work within the context of the ongoing Rutgers pilot review and evaluation to provide training for EDA grantees and staff on valid methods for reporting and verifying data.

**Comment:** The Rutgers' evaluations documented long-term outcomes for EDA public works and revolving loan fund projects (See Appendix 5). EDA will report on outcomes for FY 2000 grants in FY 2003, FY 2006, FY 2009.

**Outcome Measure: State and local dollars committed to EDA-funded projects**

### Data Validation and Verification

**Target:** \$114 million by FY 2000

**Data source:** Grantee applications and progress reports.

**Frequency:** At time of grant award and project completion

**Baseline:** Program evaluation conducted by Rutgers, et al. (See Appendix 5)

**Data storage:** EDA database (OPCS)

**Verification:** EDA verifies non-federal funds committed to projects prior to disbursement of grant funds.

**Comment:** EDA will report FY 1999 commitments in FY 2000.

## Economic Development Administration

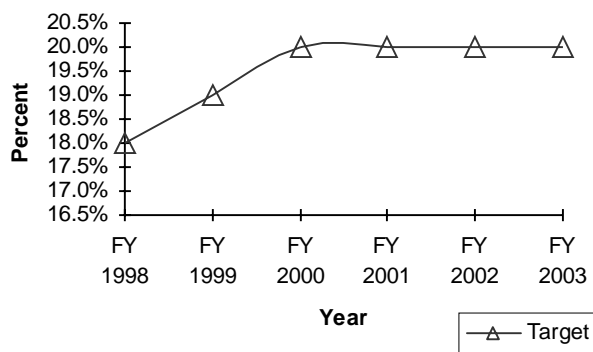
Create jobs and private enterprise in economically distressed communities (cont.)



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**Interim Measure: Percent of public works and economic adjustment construction, and revolving loan fund grants awarded in areas of highest distress**

**Percent in Highest Distress Areas**

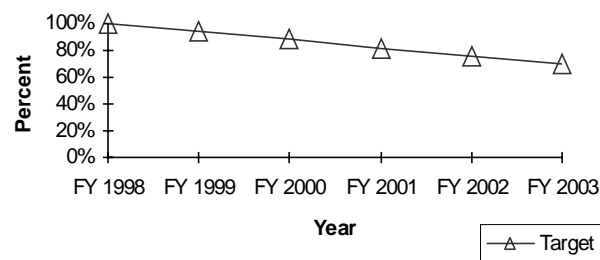


### Data Validation and Verification

**Target:** 20% of FY 2000 grants  
**Data Source:** Bureau Labor Statistics and 1990 Census  
**Frequency:** Quarterly  
**Baseline:** FY 98 Projects  
**Data Storage:** EDA OPCS Database  
**Verification:** Statistical data is based on the Bureau of Labor Statistics employment data and 1990 Census income data. EDA will sample projects quarterly to ensure accurate reporting.  
**Comment:** Some EDA public works and economic adjustment special impact areas, multi-county grants, and Indian tribes will not have data. Consistent with draft regulations, "highest distress" is defined in this reporting period as two-year unemployment rates above 9% , or per capita income at 60% and below the national per capita income, or special need.

**Process Measure: Application processing time for public works and economic adjustment construction, and revolving loan fund grants**

**30% Percent Reduction of Application Processing Time Over 5 Years**



For the process measure *Application processing time for public works and economic adjustment construction, and revolving loan fund grants*, the baseline is 97.5 median days. This is based on preliminary analysis of FY 1998 data. EDA will review the processes for data entry and do further analysis to refine the baseline and target.

### Data Validation and Verification

**Target:** Reduce the application process by 6% annually for public works and economic adjustment construction, and revolving fund grants.  
**Data Source:** Regional inputs of completed applications that are numbered and accepted, and finalized.  
**Frequency:** Quarterly  
**Baseline:** FY 98 Projects  
**Data Storage:** EDA OPCS Database  
**Verification:** EDA will sample projects quarterly to ensure accurate reporting.  
**Comment:** Process time varies by EDA program. EDA is committed to continue streamlining the application process.

## Economic Development Administration

Create jobs and private enterprise in economically distressed communities (cont.)



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### Means and Strategies:

Strategic investments in public infrastructure and local capital markets help distressed communities overcome barriers to economic growth. EDA public works and revolving loan fund grants provide flexible financing to implement locally-developed strategies addressing the unique set of economic conditions, needs, opportunities, and constraints within each community.

EDA programs strengthen the economic infrastructure of the Nation's most distressed communities. In addition, they encourage communities to explore different approaches and strategies to develop employment and private enterprise, depending on local needs and priorities. Strategic investments through EDA's flexible program tools include, but are not limited to:

Activity	Strategies
<b>Public Works</b>	
Provide construction grants for economic development projects in distressed communities.	<p>Build or rebuild public infrastructure (roads, water, sewer, and other infrastructure) to support the establishment or expansion of commercial and industrial facilities in distressed communities.</p> <p>Help communities upgrade technology infrastructure and training facilities to prepare for a technology-based economy.</p> <p>Redevelop abandoned or under-utilized industrial sites and facilities, including "brownfields" to restore employment and private investment in distressed areas.</p> <p>Support resource recovery and sustainable development initiatives.</p>
<b>Economic Adjustment</b>	
Provide construction and revolving loan fund grants to implement economic adjustment strategies in response to sudden job loss and severe economic distress.	<p>Help communities avert the loss of major employers through flexible financing to modernize aging plant and equipment, introduce new technologies, products and markets, and increase productivity.</p> <p>Help communities recover from the loss of a major employer(s) through investments to stabilize and diversify the local economy.</p> <p>Target flexible financing and modern infrastructure of growth industries and new enterprise in distressed communities.</p> <p>Defense adjustment and disaster recovery.</p>



## Economic Development Administration

### Create jobs and private enterprise in economically distressed communities (cont.)



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#### Crosscutting Activities – Department-Wide

EDA's FY 2000 budget calls for increased collaboration with other Commerce programs. To bring complementary strengths and skills to prepare distressed communities for technology-based economy, EDA collaborates with the Technology Administration (TA), National Institute of Standards and Technology (NIST), National Telecommunications Information Administration (NTIA) and Minority Business Development Agency (MBDA). Other examples of Commerce coordination and collaboration include:

- TA/NIST on Manufacturing Extension Partnership (MEP)
- NTIA on telecommunications and information infrastructure grants
- MBDA on business assistance services
- Economics and Statistics Administration (ESA) on economic conversion information
- National Oceanic and Atmosphere Administration (NOAA) on a natural disaster reduction initiative, and a sustainable development initiative

*Housing and Urban Development and Department of Agriculture* in EZ/EC implementation programs

- Brownfields – EDA was the first agency to partner with EPA on brownfields redevelopment
- *President's Council on Sustainable Development* - EDA participates in conferences, program prioritization, and policy discussions
- Indian and Alaskan Native Village Economic Development, *White House Conference on Building Economic Self-Determination in Indian Communities* – EDA will work with other departments to study the technology infrastructure needs of Indian communities and to develop a strategic plan for coordinating economic development activities for Native American and Alaska Native communities
- Regional Planning - EDA is an active participant in the *Council on Environmental Quality* in developing federal policy on urban sprawl, smart growth and regionalization

EDA has established interagency agreements with most of these and other agencies to define roles in funding related project activities or initiatives. EDA will begin a systematic review of interagency agreements and performance measures for crosscutting programs/initiatives in FY 1999.

#### Crosscutting Activities – Other Federal Agencies

- *Environmental Protection Agency (EPA)* – brownfields redevelopment and air quality
- *Department of Defense Office of Economic Adjustment (OEA)* – defense adjustment
- *Department of Energy (DOE)* – community adjustment to energy lab closures
- *Department of Labor (DOL)* – community defense and trade adjustment
- *Federal Emergency Management Agency (FEMA)* - disaster mitigation, recovery, and training
- *U.S. Army Corp of Engineers (USACE)* – post-disaster economic recovery projects
- *Appalachian Regional Commission (ARC)* – community economic development in the 13 state ARC service area
- Empowerment Zone/Enterprise Community (EZ/EC) – EDA is an active partner and investor with



## Economic Development Administration

Create jobs and private enterprise in economically distressed communities (cont.)



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### External Factors

- Changes in national or regional economic conditions that impact business growth and investment decisions in communities receiving EDA assistance affect program outcomes. Natural disasters, national priorities, and other major events can create a special need or unanticipated demand for EDA assistance. These special needs or unanticipated demands can alter the mix of projects funded each year. EDA does not predetermine the types of projects funded, but responds to local and state priorities based on locally developed strategic plans. This limits EDA's ability to anticipate the exact mix of project types that will be funded in any given year. The Rutgers studies found that performance varies by type of project (see Appendix 5).

### Resource Requirements Summary



\$285 million for public works and economic construction, and revolving loan funds (subtotal of \$364 million for EDA programs)



Skills: Economic development policy, project management, legal, engineering, environmental



IT Requirements: Upgrade database for project management and performance measures

## Economic Development Administration

Build local capacity to achieve and sustain economic growth



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### ***Rationale for/Comments on Performance Goal***

Economic development is a local process. The federal role is to help distressed communities build capacity to identify and overcome barriers that inhibit economic growth. EDA's approach is to support local planning and long-term partnerships with state and regional organizations that can assist distressed communities with strategic planning and investment activities. This process helps local communities set priorities, determine the viability of projects, and leverage outside resources to improve the local economy and sustain long-term growth. EDA funds projects based on sound local planning, and requires communities to provide local or state matching funds for EDA projects.

Recent evaluations of EDA's public works and defense adjustment programs (See Appendix 5) show that EDA planning and technical assistance play a significant role in the successful completion and outcomes of its infrastructure and revolving loan fund projects.

### ***Outcome Measure: Percent of sub-state political jurisdiction members actively participating in the Economic Development District program***

#### **Data Validation and Verification**

**Target:** 75% by FY 2000  
**Data source:** Regional Office Staff Inputs  
**Frequency:** Annual  
**Baseline:** FY 1999  
**Data storage:** EDA database (OPCS) under development  
**Verification:** EDA will conduct periodic performance reviews and site visits including interviews with clients.  
**Comment:** Evaluation process to be developed in FY 1999

### ***Outcome Measure: Percent of Economic Development Districts and Indian tribes' grantee organizations whose Comprehensive Economic Development Strategy (CEDS) is on time and acceptable***

#### **Data Validation and Verification**

**Target:** 75% by FY 2000  
**Data source:** Regional Office Staff Inputs  
**Frequency:** Annual  
**Baseline:** FY 1999  
**Data storage:** EDA database (OPCS) under development  
**Verification:** EDA will conduct periodic performance reviews and site visits including interviews with clients.  
**Comment:** Evaluation process to be developed in FY 1999

### ***Outcome Measure: Percent of clients satisfied with technical assistance provided for local economic and business development***

#### **Data Validation and Verification**

**Target:** 75% of FY 2000 clients assisted by University Centers rate technical assistance as 7 or higher on a scale of 1 to 10  
**Data source:** Grantee client surveys/reports  
**Frequency:** Annual  
**Baseline:** FY 1999  
**Data storage:** EDA database (OPCS) under development  
**Verification:** EDA will conduct periodic performance reviews and site visits including interviews with clients.  
**Comment:** Evaluation process to be developed in FY 1999.

## Economic Development Administration

Build local capacity to achieve and sustain economic growth (cont.)



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**Outcome Measure:** *Percent of clients satisfied with assistance provided for trade adjustment assistance to firms*

**Interim Measure:** *Percent of local technical assistance and economic adjustment strategy grants awarded in areas of highest distress*

### Data Validation and Verification

**Target:** 75% of FY 2000 clients assisted by Trade Adjustment Assistance Centers rate trade adjustment assistance as 7 or higher on a scale of 1 to 10.

**Data source:** Grantee client surveys/reports.

**Frequency:** Annual

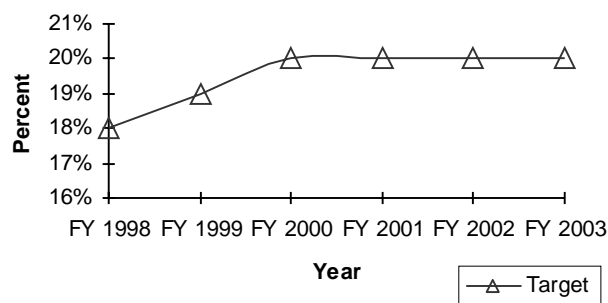
**Baseline:** FY 1999

**Data storage:** EDA database (OPCS) under development

**Verification:** EDA will conduct periodic performance reviews and site visits including interviews with clients.

**Comment:** Evaluation process to be developed in FY 1999.

### Percent in Areas of Highest Distress



**Outcome Measure:** *Number of research and national technical assistance results published or presented nationally each year*

### — Publications and Presentations —

Year	1998	1999	2000	2001	2002
#	5	5	5	5	5

### Data Validation and Verification

**Target:** 5 annually

**Data source:** Grantee Reports

**Frequency:** Annual

**Baseline:** 5, based on FY 1997 reports published and presented

**Data storage:** EDA's Research & National TA Program office

**Verification:** EDA will verify by obtaining publications and monitoring national presentations.

**Comment:** Program evaluations and performance measurement are priorities for EDA's research and national technical assistance program (See Appendix 5).

### Data Validation and Verification

**Target:** 20% of FY 2000 grants

**Data Source:** Bureau Labor Statistics and 1990 Census

**Frequency:** Quarterly

**Baseline:** FY 98 Projects

**Data Storage:** EDA OPCS Database

**Verification:** Statistical data is based on the Bureau of Labor Statistics employment data and 1990 Census income data. EDA will sample projects quarterly to ensure accurate reporting.

**Comment:** Highest distress is defined in this reporting period as two-year unemployment rates above 9% , or per capita income at 60% and below the National per capita income, or special need.

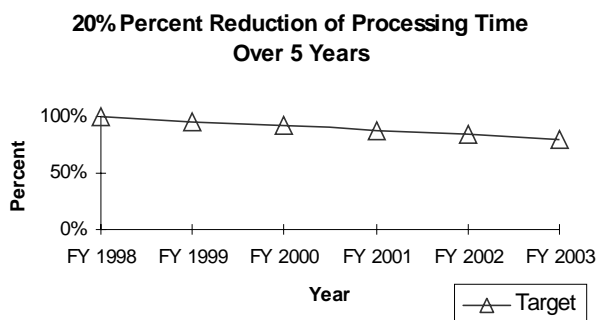
## Economic Development Administration

Build local capacity to achieve and sustain economic growth (cont.)



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### Process Measure: Certification processing time for trade impacted firms.



### Data Validation and Verification

**Target:** Reduce the certification processing time by 5% annually.

**Data Source:** OPCS

**Frequency:** Quarterly

**Baseline:** FY 98 Projects

**Data Storage:** EDA OPCS Database

**Verification:** EDA will sample projects quarterly to ensure accurate reporting.

**Comment:** EDA is committed to continue streamlining the certification process for trade impacted firms.

### Means and Strategies

Means or Activity	Strategy or Rationale	Output Indicators
<b>Planning and Technical Assistance:</b>		
EDA builds capacity for strategic planning and investment activities through a national network of 320 Economic Development Districts (EDDs), 64 Indian tribes, 69 University Centers, and 12 Trade Adjustment Assistance Centers (TAACs). These programs work in unison to: 1) enhance local capacity, and 2) remove barriers to economic growth.	Distressed communities often lack the professional staff and technical expertise required to support the effective planning of economic development programs. Through a network of regional planning organizations and technical assistance centers, EDA's planning and technical assistance programs are providing distressed communities and firms with the technical assistance and the professional staff needed to spur economic development growth.	<p>Grants to support strategic planning and technical assistance providers.</p> <p>Percentage of strategic plans incorporating trade or technology initiatives.</p> <p>Percent of firms with increased sales or employment following completion of TAAC program.</p> <p>Percent of grantees doing business on the World Wide Web.</p> <p>Development of an EDA web page to disseminate national research and other pertinent materials dealing with economic development.</p>
<b>National Program Analysis and Information Collection:</b>		
EDA provides research and national technical assistance grants for cutting edge research; evaluations that provide practical, up-to-date information on the effectiveness of tools for economic competitiveness; and for the dissemination of information to institutions, communities and entities engaged in enhancing America's economic competitiveness.	It is often difficult to obtain access to research, best practices and new knowledge about economic development issues and problems affecting distressed communities and diverse local economies. This program sponsors new research and encourages state and local practitioners to share information	<p>Number of national and regional conferences supported by EDA.</p> <p>Improved use of EDA's website to share information and research findings.</p>

## Economic Development Administration

Build local capacity to achieve and sustain economic growth (cont.)



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### Crosscutting Activities – Department-wide

See Crosscutting Activities under the goal “Create jobs and private enterprise in economically distressed communities” on page III-8.

### Crosscutting Activities – Other Federal Agencies

See Crosscutting Activities under the goal “Create jobs and private enterprise in economically distressed communities” on page III-8.

### External Factors

Changes in national or regional economic conditions, natural disasters, or other major events can affect resources available for planning and technical assistance activities. Research outcomes cannot be predicted.

### Resource Requirements Summary



\$79 million for EDA Capacity Building programs (subtotal of \$364 million for EDA programs)



Skills: economic development policy, planning, and program analysis



IT Requirements: New Web system, new grantee database